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Problems of tourism development on rural areas

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Introduction

Until recently, rural development was directly linked to the development of agriculture, which provided employment and generated income for a vast majority of rural population. However, as the agricultural productivity and efficiency of farm employees increased the structure of rural population started to change: the rate of people working and earning their living mainly in agriculture has gradually declined. Nowadays a growing part of farmers' income is generated by various forms of non-agricultural economic activities exploiting available human and material resources, e.g. agritourism.

In the era of industrial food production, traditional and regional products constitute an alternative option and counterweight in relation to the industrially manufactured products, both in global as well as local markets. Food production based on traditional methods is often located in the regions of traditional agriculture, and thus deprived areas. Due to the labor-intensive mode of production, these products generate new jobs and also become an important element in promotion of the place of their origin. They enhance the attractiveness of the region for tourists, but most importantly allow for a substantial increase in profitability in agricultural production and thereby increase the standard of living of rural residents.

This monograph attempts to answer the following questions: how the regional product can be used in the development of non-urbanized areas in Poland? What is the role of national institutions in the promotion of traditional and regional products? What determines the development of the market of high quality products with traditional and regional character? What is the share of traditional and regional products in building the tourism competitive potential? To what extent the promotion of traditional and regional products in Poland in the years 1998-2011 has contributed to their identification? How can the forgotten cultural heritage be adapted for tourism purposes? What is the role of special events in the strategy of tourism promotion? How can the effectiveness of promotional event be measured? What are the opportunities for the development of rural tourism in Ukraine? Do the material and human resources of agricultural holdings form a positive outlook for Ukraine to provide tourist services? Whether and to what extent entrepreneurs cooperate within cross-border tourism clusters?

The monograph outlined two problem areas.

The first part of the paper discusses the conditions for the development of the regional product in non-urbanized areas in Poland, forms of promotion aimed at identification and stimulating the demand for and supply of traditional and regional products and finally the role of institutional support in promotional actions. It is emphasized that “traditional and regional products contribute to differentiating the regions, and their share in building the competitive potential in tourism can be significant”. Finally it discusses the role of events in the strategies of promoting tourism services and methods to measure the effectiveness of such forms of promotion.

The second part of the monograph explores the manifestations of entrepreneurial behavior of people in Ukraine in the field of rural tourism, the opportunities to develop this form of economic activity in rural areas, to implement economic diversification projects, (mainly in the area of recreation and tourism), to create cross-border tourism clusters and finally activate the material and human resources of farms in Ukraine.

The problem areas presented in the publication do not cover all issues relating to tourism development in rural areas, but they constitute a basis for further research exploration. They also point to the need to undertake research of an interdisciplinary nature.

I would like to thank the authors for the effort they put in preparing the papers, the Reviewers for their work put in improving the quality of the papers published in this monograph and the Employees and Doctor Students from the Department of Economics of Education, Communication and Counselling for their time and assistance in preparing this publication.

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CHAPTER VII

Development Instruments for the Cross-Border Cooperation in Ukraine

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Abstract

The article runs through development instruments of cross-border cooperation in Ukraine. Among them the author represents: involvement of all the stakeholders into the cross-border cooperation development processes, economy diversification projects, especially in the recreation and tourism sphere, creation of the cross-border tourism clusters.

Key words: cross-border cooperation, euroregion, tourism, cross-border cluster.

Introduction

European integration and world globalization processes do stimulate inter-regional and cross-border cooperation. The advantages which open for the social and economic spheres of the region which participates in such cooperation are well known and impartial. Thus activation of that process between border regions of neighboring countries brings not only the solution of common territory problems, economic and social relations strengthening, foreign investments and creation of new work places, but also eliminates territory development imbalance, which exists within any CIS country.

Anyway any economic process needs to be evaluated using scientific methods, be monitored and well planned. While evaluating the cross-border cooperation one may come to the conclusion that some specific spheres of the potential cooperation between neighboring border regions need special terms and space for development. Those conditions can be created by the diversification project or within a cluster, an organizational structure which brings all the stakeholders closer for more tight connections, while joining their forces and resources.

Aim and hypothesis of the article

Thus we come to the aim of our material – to investigate possible development instruments for the cross-border cooperation in Ukraine and to prove the potential of such organizational structures as clusters to become one of the most useful and effective instruments for development of cross-border cooperation within some specific spheres of economics. That is especially concerning such

spheres as recreation and tourism industry as those which intensify social and economic connections between regions.

Materials and methods

Ukrainian and foreign scientific publications, textbooks, dissertation manuscripts and Internet materials were used as a theoretical base for the article. There were also used such scientific methods of investigation and proceeding the materials as: system modeling and analysis, synthesis, extrapolation, induction and deduction, etc. The research is based upon general principles of complex scientific research, classic issues of the modern international economics, macroeconomics, regional economics and theory of state government.

The results of the research

First of all we should mention that none of the countries can exist isolated from the external influences. All the tendencies within the country are harmonized and conformed to the world changes and challenges, especially those that are strong within the neighboring state. Thus with the history flow the result of such harmonization and coherent development brings the country's economy, culture and social life to the state which allows it to obtain the most beneficial niche while its national specific is not forgotten. Meanwhile the partner relations with the neighboring state give the opportunity not only to develop economic connections, but also to solve problems common for their border territories, involving resources from both sides.

Realization of profitability of such collaboration in Europe found its implementation through development of so called "cross-border cooperation" in form of euroregions. Those structures were established on territories of two or more neighboring countries which have common border. Later that mechanism was adopted by the CIS countries, especially Russia, Ukraine and Byelorussia.

So, under the cross-border cooperation understood joint actions of two or more frontier regions of the neighboring countries which are aimed at good-neighborly relations. To say it simply it means maximum of positive attitude to each other through concluding specific agreements for simplifying cross-border movement of people, goods and services, finances, and also for solving the common problems via joint efforts. In order to do this the regional authorities of Ukraine and Russia sign a corresponding agreement which creates a euroregion with its governing bodies. Thus we consider a euroregion to be an organizational form of cooperation between frontier regions of two or more countries. The main condition of its creation stands existence of strong interests of appropriate authorities and society of the regions as well as existence of the common border. Having signed such an agreement the regions, which are already called the participants of the euroregion, try to solve common tasks. Sumy region (Ukraine) participates in the Euroregion "Yaroslavna" together with Kursk region (Russia)

since 2007. The most traditional among tasks of the cross-border cooperation within euroregions are:

1. Development of comprehensive friendly and partner relations between the regions in economic, social, scientific, cultural and other spheres.
2. Conforming the positions, support of elaboration and implementation of common steps towards solving economic, social, scientific, cultural and other problems which are the point of interest for both sides.
3. Coordinated actions concerning prevention and solution of the ecologic problems.
4. Creation of the informational data base of all the directions and aspects of the joint activities.
5. Assistance and support for promotion of social and charity projects or programs which are aimed at raising the life level of the regional population.
6. Monitoring the labour/HR market aimed at elaboration of the joint measures for the provision of citizens' social employment, upgrade of skills and staff preparation.
7. Elaboration and conformation of the events aimed at support of ethnic, cultural and language identity of the communities, at development and enrichment of the cultures within the legislative frames.
8. Gradual movement from trade to production-informational foreign affairs on the basis of international cooperation development and engaging foreign investments.
9. Creation of good conditions for the small-scale business development.
10. Establishment of the cross-border trade organizations.
11. Development of the frontier infrastructure.

Joint cross-border projects are the instruments to help in solving the questions mentioned above and receive financial and organizational support from regional budgets of Sumy and Kursk regions. These projects are applied to the committee by any willing person or an organization all year long. Then a selected application is to be examined by the regional council, which adds appropriate changes into the regional budget financing program.

It is known that cross-border cooperation in Ukraine may be realized within next spheres: economics, social life, science and technique, cultural-educational, ecology, etc. One more important direction is mutual help in extraordinary situations.

Ukraine has a growing experience in developing the cross-border cooperation. The whole number of euroregions in Ukraine has already risen to 9. The main part of such structures is established at the western border of our country, on the territory of the regions which border the EU countries. That may be explained by the old European experience of the cross-border cooperation joint with political tendencies in Ukrainian ruling class.

Thus, three euroregions (“Slobozhanschina” at the territory of Kharkov (Ukraine) and Belgorod (Russia) regions; “Donbas” – Chernihov (Ukraine), Bryansk (Russia), Homel regions (Byelorussia); “Yaroslavna”) are established at the eastern border of Ukraine and involve the greatest historical, economical and cultural partner of our country. The last one became the object of our research as it is the brightest example of eastern euroregions. After 3 years of its existence the President of Ukraine claimed it to be the most intense developing euroregion on the eastern Ukrainian border¹. Eastern cross-border cooperation has already given some fruitful results but still it isn’t provided with appropriate scientific and practical support. Unfortunately the analysis of euroregion “Yaroslavna” reports shows that almost all the events within it are provoked or organized by the local/regional authorities’ initiative. That means that community, its activists and organizations of civil society are not involved in the cross-border cooperation processes sufficiently.

What are those strategic directions of the cross-border cooperation where other community stakeholders may participate? The answer is: almost all of the potential spheres of cooperation² do need participation of the civic society (figure 1).

Thus namely those mentioned spheres contain a great amount of hidden possibilities and reserves for solving mutual problems of the cross-border region. European experience affirms that a euroregion starts to develop rapidly when the authorities’ efforts and policy are supported by the community, NGOs and other groups of the stakeholders. The same says history of the western euroregional structures of Ukraine. More of that, it shows that the most surviving and long-lasting cooperation is the one which covers culture and recreation issues. It means that any social, economic or political process has its roots in connections and cooperation between particular people.

Still, taking into consideration European cross-border cooperation experience we should remember our own peculiarities. Naming them we should admit the great difference between systems of cross-border projects realization by the EU-countries and Ukrainian regions. Such kind of cooperation develops under different conditions, especially as for organizational and financial issues.

Let’s have a look at western Ukrainian borders. For example Polish side of the euroregions, we also participate, is financed much stronger than Ukrainian³.

¹ President of Ukraine Has Highly Admitted Euroregion “Yaroslavna” Work. Official site of the Kursk region administration, <http://xn-jlaarei.xn>.

² O.M. Zamora: Causes and perspectives of the cross-border cooperation development between Ukraine and Russia (using the example of the Sumy region). Materials of the Vth International scientific-practical conference for students, post-graduates and young scientists „European and Euro-Atlantic integration and cross-border cooperation”. Lesya Ukrainka Volyn National University. Part 2. Lutsk 2008, p. 79.

³ P. Skotniy: Organizational and economic facilitation to activate euroregional collaboration. Manuscript. Thesis for the degree of Candidate of economic sciences by speciality 08.00.05 – development of productive forces and regional economy. The Institute of Regional Research NAS of Ukraine.

Their national representative offices are legal entities which have networks of their affiliates in districts. It may be explained by the fact that during the whole period of preparation for the EU entrance Poland was more active in its efforts to get international financial support. It helped her to build institutional basis identically to the European one, that's why now their frontier regions much more familiar for international financial sources. Ukrainian participants of the euroregions just start to learn about European financial sources and instruments of their receipt. Passivity of the Ukrainian side of the euroregions may be explained also by³:

- National mentality which doesn't support proclaiming the need of finance aid to be the main goal of the cooperation (unlike Polish activity programs where this stands in first rows);

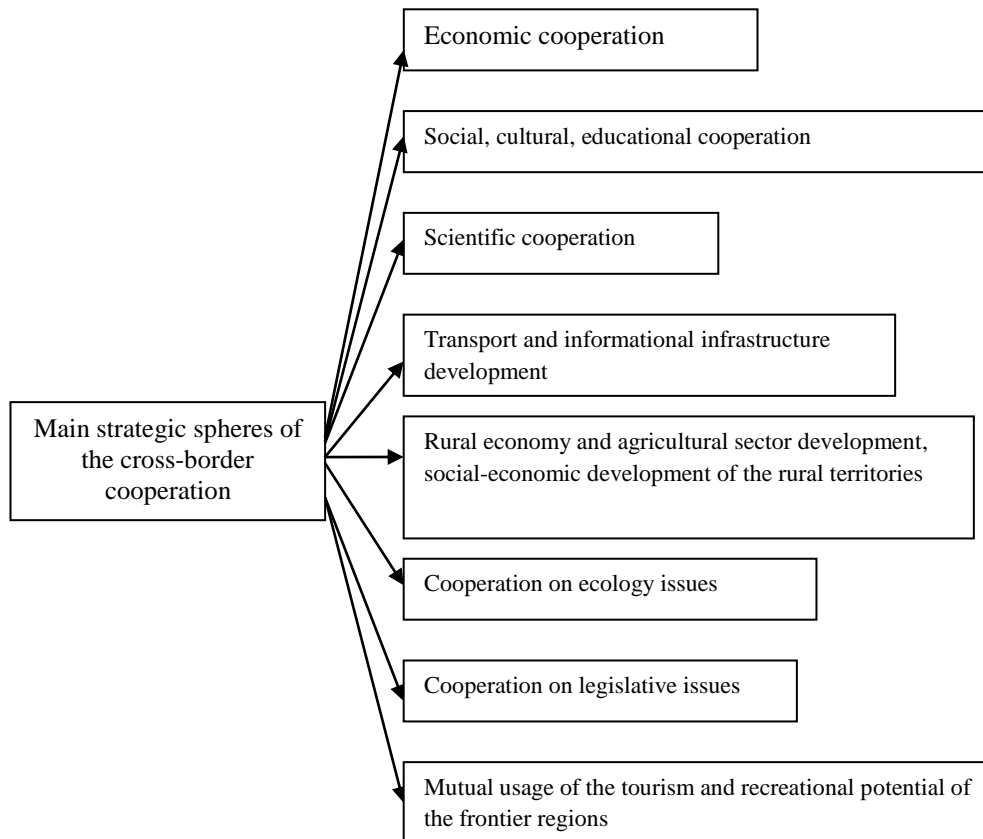


FIGURE 1. Main strategic spheres of the cross-border cooperation

Source: designed by the author.

- absence of high-skilled officials who is able to deal with European legislative issues and cross-border cooperation opportunities;
- lack of international projects management experience;
- low efficiency of the informational activity;

- insufficient level of population awareness about opportunities concerning self-development and development of the territory using the cross-border instruments.

For example, Poland provides a strong flow of information about euroregions' activities and their influence on the regional development. One can get much more information via Internet web-sites about positive Polish experience, opportunities of getting financial support, as well as about completed or ongoing projects.

There is also one more conflict point about sources for Ukrainian cross-border activity. There are less than few ways to get finances for the cross-border projects on the eastern border of our country. Still there are some tendencies that should also be taken into consideration when speaking about eastern cross-border cooperation of Ukraine⁴:

1. Russian and Ukrainian social-economic complexes of the frontier regions recently were identical that brought up strong long-term economic and social connections;
2. Close trade and economic potential in many aspects of each of the neighbours;
3. This cross-border cooperation has as one of its tasks to ruin the psychological discomfort which appeared after USSR disintegration and establishing new borders;
4. Cooperation should be built on the necessity of conformation and joining the efforts in the name of cross-border problems solution, which needs strengthening not only economic and social relations but also connections between corresponding authorities' levels.

All the mentioned factors are complicated by some negative features of neighbor's relations. They are:

- state policy doesn't pay enough attention to the regional development issues (there is no appropriate law on cross-border cooperation issues in Russia yet);
- cross-border cooperation has not efficient institutional and legislative support, especially on the eastern border of Ukraine (there is no specific structure which should work in this direction on the regular and professional basis);
- the stakeholders are involved into the cross-border cooperation development occasionally and thus this process is not stable (information on the topic is disseminated among the population unsystematically, business and "third sector" representatives slightly participate in the process, the intensity of their involvement is quite low, there are no declared effective mechanisms for it).

⁴ I. Studennikov: Regional Policy In The EU Countries: Lessons For Ukraine. Ed. S. Maksimenko. Logos 2000, p. 156.

Our research and analysis of the regional authorities' point of view concerning the topic allows us to make a conclusion that:

1. Very often the officials consider that cross-border cooperation doesn't play much role as an instrument of raising the social and economic indicators of the region;
2. They do not understand the sense of this process and thus don't realize all the possibilities it may open for all the spheres of regional life and economy;
3. Most of the officials tend to consider the necessity of the cross-border cooperation development as a temporary tendency brought by new state policy after elections;
4. There is no available theoretical or practical materials, operating instructions for cross-border cooperation development and usage of its benefits and opportunities;
5. It is quite hard to find some support at the national level for any local initiatives (finance support, creation of new euroregions at the eastern border, establishing new local instruments for facilitation of goods/services/people movement through the borders, etc.);
6. Any participation of NGOs or community representatives in the official procedures concerning the topic usually not taken in all seriousness and bear recommendation character.

All the produced facts draw us to the conclusion that namely rational joining of efforts and active actions of all the stakeholders, such as regional authorities, educational establishments, business structures, "third sector" representatives, mass media, can create a strong base for the effective cross-border cooperation. It also will need appropriate support and conformation of the national government bodies as well. The other issue is that Ukrainian regional authorities need also some part of the power concerning social and economic development of the particular region. This brings us to the model of region development which is about authority balance between national and regional government bodies, as well as between authorities and community.

The other important issue concerning cross-border cooperation on the eastern border of Ukraine is the necessity of revising the structure of economy and the directions of possible cooperation. As has been mentioned above, namely recreation and tourism industry is the one of the most long-living and successful among cooperation spheres of the neighboring regions. What does it stand for?

The idea of diversification in economy has been born a long time ago. This instrument shows its utility almost in every issue it is applied to. Its value grows especially when we speak about security of economy of the region or country in whole. Diversification projects are able to benefit to:

- usage of the farm lands,
- ways of production,
- exploitation of human resources,

- entering additional markets,
- even usage of the resources through out the year,
- raise the level of the population employment, etc.

Diversification also helps to exclude the import goods or services, make the incomes more balanced through out the year, and saturate the market with different domestic goods.

We also should stress on the role of the economy diversification for the regions which are not specialized in agriculture. Due to such projects new working places can be created in such spheres as tourism, souvenirs production, catering, etc. More significant is the fact that these spheres are popular among youth which means stop of the depopulation for the rural territories, especially in its frontier regions which traditionally appear to be depressive. While speaking about frontier regions, we should admit that joint efforts and resources of the neighboring regions, which have common problems and are close in all aspects, will make the diversification projects more effective.

Now we'll distinguish three strategic directions in the diversification process concerning the cross-border cooperation in rural territories, which used to be the most depressive after the USSR disintegration (figure 2).

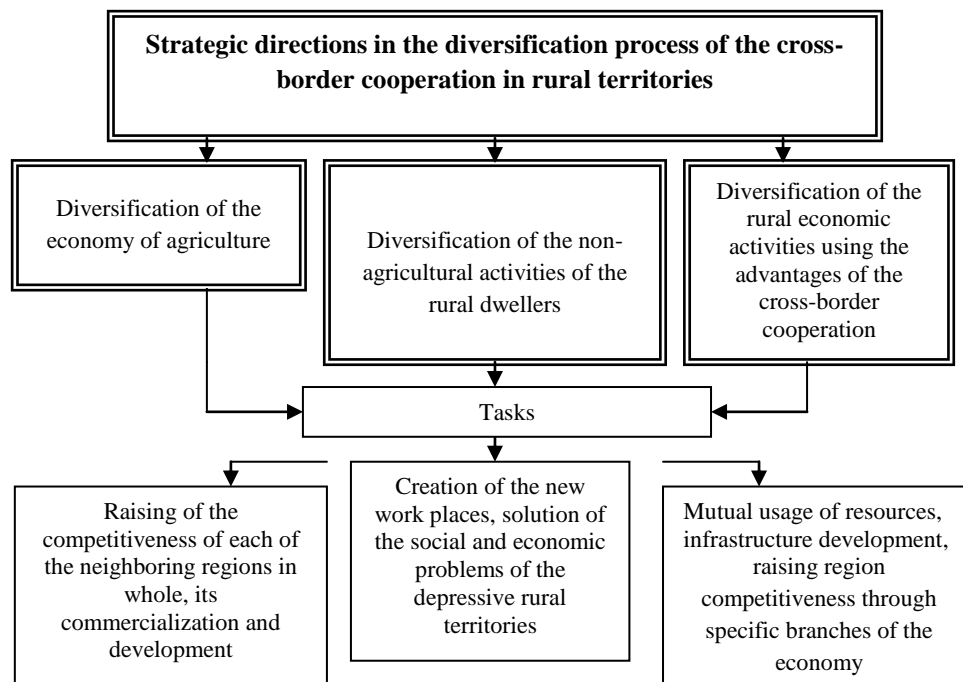


FIGURE 2. Strategic directions in the diversification process of the cross-border cooperation in rural territories

Source: designed by the author.

At the same time we'll see the place of the tourism industry within the diversification process of the cross-border cooperation (figure 3). Our scheme leads us from single official and family connections to the creation of euroregion or official structures for cross-border cooperation development. That starts new level of the cooperation within the sphere of economy, culture, education and science. Recreation and tourism, as one of the priorities, finds its development in enhancing the infrastructure and creation of the additional spheres and work places within diversification projects. In some time it will lead to the creation of the cross-border tourism clusters.

Thus we come to the main point of our research of the cross-border cooperation on the Ukrainian eastern border. Each of the potential spheres of the cooperation should be supported by the authorities and other stakeholders. But the chief thing to be remembered during this process should be thesis about necessity of diversification of the frontier region economy in the name of its depressive tendencies elimination. The nearest step for the Ukrainian euroregions we reckon the development of tourism and green tourism in particular.

What do we need to start this engine? To be launched each process needs three things, like a car:

- first of all the fuel – that's resources (Ukraine has a great potential of the recreation and tourism sphere),
- then the road – the basis (here we count legislative base and infrastructure, both of which need improvement)
- and the driver – the direction to move (specific conditions and national/regional policy guidelines).

Thus we come to the idea of cross-border clusters. Not so long time ago they have become a key point of the national and regional strategies of social and economic development, especially often they are mentioned when talking about joint development strategies for the cross-border regions⁵. EU countries use clusters for raising the competitiveness of the country or the region. The EU newcomers use cluster approach to stimulate rapid changes and growth of business and innovations. World practice shows effectiveness of the cluster approach implementation into regional development strategies.

Cross-border cluster is an informal network of institutions and companies, manufacturing enterprises, infrastructure, educational, scientific and innovation organizations, which are situated on the frontier territories of the neighboring countries. [3] The cluster must have sole territory management of the flows and significant activities within the cross-border region in order to reach the synergetic effect as a result of cooperation.

⁵ O. Husnutdinov: Clusters: joint development strategy for the cross-border regions. "Foreign Affairs" 2009 no. 6, www.uaforeignaffairs.com.

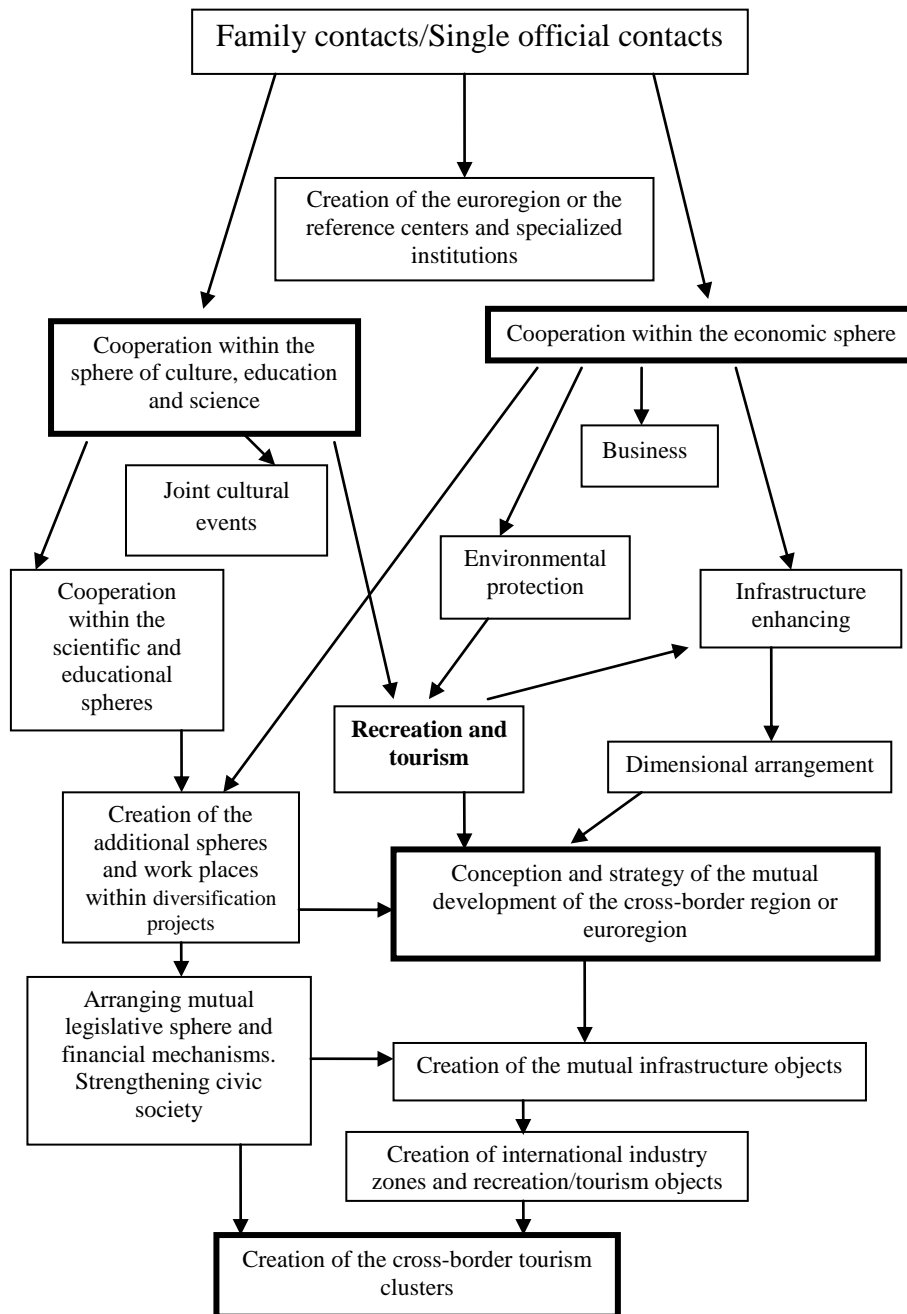


FIGURE 3. Place of the recreation and tourism industry within the diversification process of the cross-border cooperation
 Source: designed by the author.

Among the spheres of cross-border clusters development should be included:

- strengthening the nature conservation industry;
- international scientific researches and innovations;
- tourism and recreation;
- industrial and scientific parks, technology towns, business incubators development;
- centers for Euro information;
- technologies transfer;
- development of guarantee and compensation schemes for people who temporary stay abroad;
- development of informational technologies and strengthening the communication technologies, creation of data bases;
- organizing of trainings and courses for the unemployed people, collaboration on HR management;
- etc.

All mentioned above draws us to the conclusion that cross-border clusters should be one of the main points of the regional strategies of the cross-border cooperation development. At the same time we should remember that while in Europe they are functioning within the unified legislative base and encouraging conditions, those for Ukrainian clusters quite differ from East to West and from the European. That means that Ukrainian government should take into consideration the European experience remembering all the features of the national cross-border needs and cooperation.

In addition we'd like to represent you the results of our research on the state of cross-border cooperation in Ukraine through the evaluation of social and economic life of the frontier regions which participate in the euroregions. This methodology confirms the determinative role of the cross-border cooperation for the regional development. The idea of the methodology is to calculate the integral indicator of social and economic level of development of the concrete regions on the base of such data for the current year: gross regional product, direct investments and foreign trade turnover. The results of our calculations are represented in diagram form (figure 4).

The diagram above shows us the obvious difference in social and economic development of the Ukrainian frontier regions which participate in the euroregions. The best rates show Odesa and Kharkiv regions, which entered the cross-border cooperation in form of the euroregions not so long time ago. The others are much more experienced euroregions participants. How it can be explained? These regions have the biggest sums of foreign trade turnover of all the frontier regions from the group. It means they participate in the cross-border cooperation in the biggest amount.

These results also confirm our previous statement that the more region participates in the cross-border cooperation through all its spheres the higher social and economic indicators it shows. “A new comer” Sumy region represents higher results than other three regions with deeper history of participation in euroregions; it declares insufficient usage of their potential.

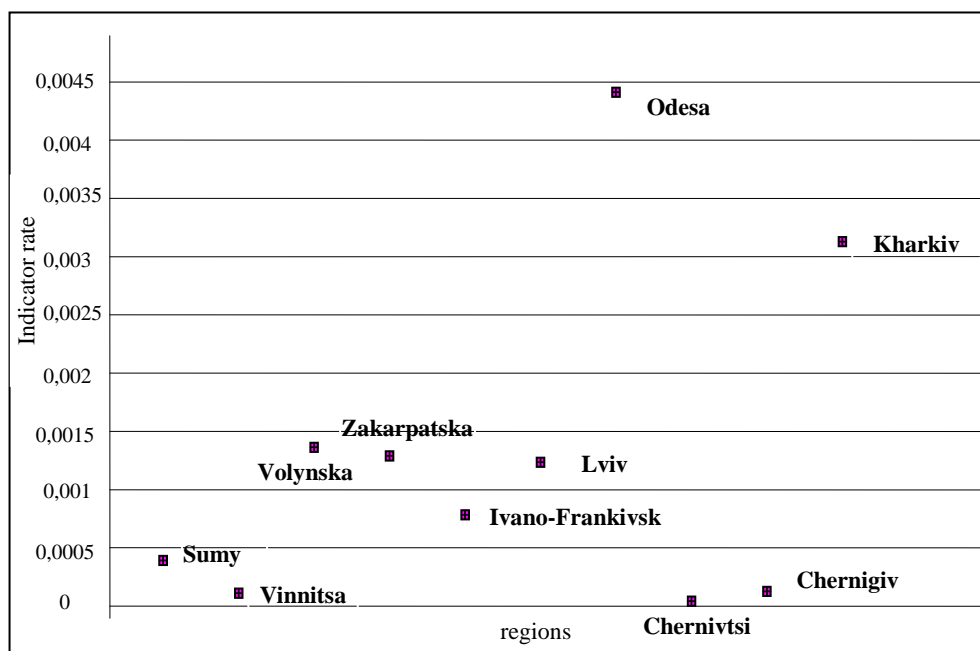


FIGURE 4. Rate of the Ukrainian frontier regions which participate in the euroregions by the integral indicator of social and economic level of development, year 2008
Source: calculated by the author.

Issues for the discussion

With this article we tried to highlight the widest range of development instruments for the cross-border cooperation in Ukraine. Still there are some which we didn't touch. For example, it is stimulating the export-import operations, organizing the scientific and staff exchanges, youth projects, elaborating the system of cross-border statistics, etc. There are a lot of instruments which can be used by the state government to stimulate the cross-border cooperation. Still they all will need the participants of other stakeholders (NGOs, mass media, business representatives, educational establishments, etc.) as well as special attention and conditions of functioning.

Conclusions

The European experience of the cross-border cooperation development is reach in instruments and examples of success. Our country started adopting that

experience and mechanisms not such long time ago. That's why Ukraine's transforming state and its geographical positions makes the need to develop the cross-border cooperation with its neighbors obligatory and impartial. For this we consider to be the most effective and necessary such development instruments as: involvement of all the stakeholders into the cross-border cooperation development processes, economy diversification projects, especially in the recreation and tourism sphere, creation of the cross-border tourism clusters.

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